

<p>Page 320</p> <p>1 so I'm intentionally not asking the question with 2 regard to any -- 3 A. Okay. 4 Q. -- legal discussions. 5 A. Explain for me, if you will, what you 6 mean by "political ramifications." Just -- just 7 so I make sure I understand what -- 8 Q. Well, let's put it this way -- 9 A. -- what you mean. 10 Q. -- what would -- what's your 11 understanding of political ramifications? 12 A. Well, I'm -- I'm not sure. That's 13 why I'm asking you. 14 Q. Did you consider any political 15 consequences at all in connection with the 16 Chapter 9 filing? 17 A. Did I consider? 18 Q. Yes. 19 A. No. 20 Q. Do you believe that -- do you 21 understand -- did you have any discussions with 22 regard to whether or not the Governor was</p>	<p>Page 322</p> <p>1 demonstrated any concern about political 2 ramifications as they're being used today. 3 Q. Did you understand that reductions in 4 vested pension benefits would be a necessary part 5 of any restructuring for Detroit? 6 A. I think that was certainly 7 anticipated, yes. 8 Q. Is it your understanding that the 9 Governor understood that the reduction in vested 10 pension benefits would be part of any 11 restructuring for Detroit? 12 MR. SHUMAKER: Objection: foundation. 13 MS. LEVINE: I'm asking him his 14 understanding. 15 THE WITNESS: I'm not sure what the 16 Governor understood. You'd have to ask him. 17 BY MS. LEVINE: 18 Q. Did the Governor ever communicate to 19 you that he expected that vested pension benefits 20 would be part of any restructuring for Detroit? 21 A. The Governor communicated to me that 22 he expected -- no.</p>
<p>Page 321</p> <p>1 considering any political ramifications as a 2 result of the Chapter 9 filing? 3 A. I'm -- I'm trying to understand -- 4 let me put it to you this way: The answer would 5 be no, because I believe the Governor wasn't 6 concerned about political ramifications as you 7 asked. 8 Q. Okay. 9 And what do you base that 10 understanding on? 11 Why do you believe the Governor 12 wasn't concerned about political ramifications? 13 A. Without -- and -- and let me just say 14 this throughout the deposition. It is not my 15 intent to waive or in any way impact the 16 attorney-client privilege. 17 So I'm going to try to be responsive, 18 but I don't want to bleed over into any arguments 19 later that I somehow waived the privilege. 20 My impression is in any of my 21 discussions outside of attorney-client 22 communications with the Governor, he never</p>	<p>Page 323</p> <p>1 Q. Did you discuss the reduction in 2 vested in pension benefits with the Governor prior 3 to the filing of the Chapter 9 petition? 4 A. Not outside of any attorney-client 5 communications. 6 Q. Did you discuss the reduction of 7 vested pension benefits, without going into what 8 was discussed, prior to the filing of the 9 Chapter 9 petition with the Governor? 10 A. Without waiving the attorney-client 11 privilege, we may have. 12 Q. You -- when you say "we may have," 13 you don't recall? 14 A. I -- I don't recall a specific 15 conversation with the Governor outside of 16 attorney-client communications talking about 17 reductions in pension benefits. 18 The Governor generally -- without 19 waiving the privilege, would generally say, you 20 make the decision that's best for the City in your 21 mind. 22 Q. Was it your understanding, prior to</p>



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<p>Page 376</p> <p>1 BY MR. ULLMAN:</p> <p>2 Q. "The latter" meaning there's</p> <p>3 another --</p> <p>4 A. To the City --</p> <p>5 Q. -- payment mechanism?</p> <p>6 A. -- no, no, no, not -- the latter --</p> <p>7 not the -- not the discount; "the latter" meaning</p> <p>8 to the City and then to the fund.</p> <p>9 Q. Okay.</p> <p>10 A. I could be wrong, because may be --</p> <p>11 but I believe it's -- I believe it's that process.</p> <p>12 Q. Okay. I'm asking because I thought I</p> <p>13 had seen some other document which said that</p> <p>14 the -- maybe it's the same thing -- the City gets</p> <p>15 the money or has the right to bill the -- the</p> <p>16 funds or the -- the liabilities to the Department</p> <p>17 -- Department of Water and Sewer, and then the</p> <p>18 Department of Water and Sewer would pay the City.</p> <p>19 That's your understanding?</p> <p>20 A. Yeah, that -- that's -- that's what I</p> <p>21 was saying; that's the approximate mechanism.</p> <p>22 Q. Okay.</p>	<p>Page 378</p> <p>1 thought that the actual unfunded liability was --</p> <p>2 was higher than the 644 number and could be as</p> <p>3 much as 3.5 billion or something like that?</p> <p>4 A. Yes.</p> <p>5 Q. Okay. My question is, does the --</p> <p>6 does the -- is the proportion of unfunded</p> <p>7 liability allocable to the general fund versus the</p> <p>8 Department of Water Sewer personnel constant if</p> <p>9 you -- if you use a higher liability figure?</p> <p>10 In other words --</p> <p>11 A. If we went up to 3.5 --</p> <p>12 Q. Yeah, yeah --</p> <p>13 A. -- million, would it be --</p> <p>14 Q. -- would the Department of Water and</p> <p>15 Sewer still be approximately 38 percent of the</p> <p>16 total unfunded liability?</p> <p>17 A. I'm -- I'm not sure. I would think</p> <p>18 that a rough estimate might be. But as I said, I</p> <p>19 think, in September 16th, part of those</p> <p>20 calculations had to do with a number of factors,</p> <p>21 so I don't want to say that my testimony is as</p> <p>22 exactly proportioned.</p>
<p>Page 377</p> <p>1 A. I could go back and check it to be</p> <p>2 sure, but I think that's the approximate mechanism</p> <p>3 as I understand it.</p> <p>4 Q. Okay. Now, by my math -- I make no</p> <p>5 representations as to my math, but just looking at</p> <p>6 the numbers, it looked -- actually, do I have a</p> <p>7 calculator here? I don't think I do.</p> <p>8 What percentage is 250 over 650? I</p> <p>9 actually didn't do the math.</p> <p>10 A. Four -- it's 40-some odd.</p> <p>11 Q. It's 40-some -- yeah, we can get it</p> <p>12 precisely.</p> <p>13 Zero? Oh.</p> <p>14 250 divided by 6 -- let's say 650 --</p> <p>15 shoot, I didn't do that right. I apologize. Let</p> <p>16 me try to clear this and do it again.</p> <p>17 250 divided -- 6. This isn't right.</p> <p>18 Okay. It looks like about</p> <p>19 38 percent.</p> <p>20 A. Right.</p> <p>21 Q. Okay. You recall that -- that during</p> <p>22 the last deposition, you indicated that you</p>	<p>Page 379</p> <p>1 Q. Okay. And is it correct that the</p> <p>2 Department of Water and Sewer itself, I think you</p> <p>3 indicated last time, is run as a separate entity,</p> <p>4 even though it's, I think, technically part of the</p> <p>5 City, but it has its own books and records?</p> <p>6 A. The Department of Water and Sewer is</p> <p>7 a department of the City both technically and</p> <p>8 practically. Pursuant to Judge Cox's order, it</p> <p>9 has certain functions, which it can run</p> <p>10 semiautonomously, but it remains a department of</p> <p>11 the City.</p> <p>12 Q. Okay. And as -- as a separate --</p> <p>13 as -- as an entity or a department of the City</p> <p>14 that keeps its own books and records, the</p> <p>15 Department of Water and Sewer itself shows a</p> <p>16 profit for its own operations; is that right?</p> <p>17 A. I'm not sure it shows a profit for</p> <p>18 its own operations. I -- I'd have to look into</p> <p>19 the word "profit" --</p> <p>20 Q. Okay.</p> <p>21 A. -- but -- but it -- it stands -- it</p> <p>22 generates revenue of its own and pays its</p>



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1 A. I think in a meeting with my attorney
2 and someone from his office.
3 Q. Okay. And when was that?
4 A. I don't recall the day. I don't -- I
5 don't recall the -- it was after March. It may
6 have been prior to or after the bankruptcy filing.
7 I don't recall.
8 Q. Okay. And who was at the meeting?
9 A. I was at the meeting.
10 Attorney General Schuette was at the meeting, an
11 attorney from his office, Matt, was there -- I
12 forget his last name -- and my attorney,
13 David Heiman, was on the phone.
14 Q. Okay. And who -- how did the meeting
15 come about? Did someone ask to have the meeting?
16 A. I think -- yes, I think the Attorney
17 General's Office contacted my office and asked to
18 schedule a meeting.
19 Q. Did the person who asked to schedule
20 the meeting explain why they -- the Attorney
21 General wanted a meeting?
22 A. No.

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1 Q. Did you have an understanding of why
2 he wanted a meeting?
3 A. I don't think so. I think -- you
4 know -- no, I don't think so until we got to the
5 meeting. It was in Lansing.
6 Q. Okay. Do you recall the meeting?
7 A. Yes.
8 Q. What was said in the meeting?
9 A. Is that privileged?
10 MR. SHUMAKER: To -- to the extent
11 that there was a common interest between what the
12 Attorney General and his counsel was relating with
13 you and Mr. Heiman, I'm going to ask you --
14 instruct you not to answer.
15 If it related to issues where there
16 was no common interest, you can testify to that.
17 MR. DECHIARA: I -- I just -- can we
18 just pause? Are we on -- is there -- are you out
19 of tape or what's --
20 THE VIDEOGRAPHER: I've got
21 five minutes on the tape.
22 MR. DECHIARA: Okay. You'll tell me

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1 when the tape runs out?
2 THE VIDEOGRAPHER: Two minutes.
3 MR. DECHIARA: Okay.
4 Why don't -- why don't we take a --
5 maybe this is a good time -- do you have to -- how
6 long does it take to change the -- change --
7 THE VIDEOGRAPHER: I can go off the
8 record now and change.
9 MR. DECHIARA: Okay.
10 MR. ULLMAN: Why don't we take a
11 break and --
12 MR. DECHIARA: Why we don't take a
13 break now? Is that --
14 THE WITNESS: Sure.
15 MR. DECHIARA: -- is that good? He
16 has to change the tape.
17 THE VIDEOGRAPHER: Going off the
18 record at 12:42. This marks the end of Tape
19 Number 1.
20 - - -
21 (Whereupon, a brief recess was taken
22 from 12:42 p.m. to 1:06 p.m.)

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1 - - -
2 THE VIDEOGRAPHER: Going back on the
3 record at 1306. This marks the beginning of
4 Tape Number 2.
5 MR. DECHAIRA: Okay.
6 BY MR. DECHAIRA:
7 Q. Mr. Orr, before we broke, I was
8 asking you about a meeting you had with the
9 Michigan Attorney General.
10 And my question was, what was said at
11 that meeting?
12 A. Yes.
13 With Attorney General Schuette, I
14 don't recall the exact date, but, generally
15 speaking, the Attorney General -- at the meeting,
16 as I said, was Mr. Heiman on the phone, the
17 Attorney General and an attorney from his office,
18 Matt, whose last name escapes me right now. And
19 generally what was said, the Attorney General
20 wanted to express why he felt duty-bound to take a
21 position that the Michigan State Constitution
22 protected vested pension obligations.



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<p style="text-align: right;">Page 476</p> <p>1 BY MR. DECHAIRA:</p> <p>2 Q. Do you know who Bill Brandt is?</p> <p>3 A. I've -- I've heard that name before.</p> <p>4 I -- I think he was -- he's a bankruptcy trustee.</p> <p>5 Q. Do you know whether he was considered</p> <p>6 for any -- for the EM position?</p> <p>7 A. I do not.</p> <p>8 Q. Do you know whether he was considered</p> <p>9 for any position as -- any professional position</p> <p>10 in connection with the restructuring of the City</p> <p>11 of Detroit?</p> <p>12 A. I do not.</p> <p>13 Q. Okay.</p> <p>14 MR. DECHAIRA: Thank you for your</p> <p>15 time, Mr. Orr. I have no further questions.</p> <p>16 THE WITNESS: Thank you.</p> <p>17 MR. ULLMAN: I have a few follow-ups.</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p>	<p style="text-align: right;">Page 478</p> <p>1 Q. Okay. And you see we had talked</p> <p>2 about the 250 million general fund relative to the</p> <p>3 650 million total unfunded liability?</p> <p>4 A. Yes.</p> <p>5 Q. And we had calculated ratio</p> <p>6 approximately 38-1/2 percent?</p> <p>7 A. Right.</p> <p>8 Q. And I think previously, when I was</p> <p>9 asking about this, I had referred to the</p> <p>10 38.5 percent as being the amount of the unfunded</p> <p>11 liability allocable to the Department of Water and</p> <p>12 Sewer. I think I -- I misspoke in that, because</p> <p>13 the 250 would be -- the 38.5 percent would be the</p> <p>14 amount allocable to the general fund, correct?</p> <p>15 A. Yes, I -- I think that's accurate,</p> <p>16 yes, we were talking about the numbers, but --</p> <p>17 Q. We had them backwards?</p> <p>18 A. -- we had them backwards.</p> <p>19 Q. And so if the -- if the math is right</p> <p>20 and it was about 38.5 percent, then the percentage</p> <p>21 of the unfunded liability allocable to the</p> <p>22 Department of Water and Sewer would be</p>
<p style="text-align: right;">Page 477</p> <p>1 - - -</p> <p>2 EXAMINATION (CONTINUED)</p> <p>3 BY COUNSEL FOR RETIREES COMMITTEE</p> <p>4 - - -</p> <p>5 BY MR. ULLMAN:</p> <p>6 Q. Hello, Mr. Orr.</p> <p>7 A. Hello, Mr. Ullman.</p> <p>8 Q. I just have a few questions for you</p> <p>9 just to clarify the record, because I saw when I</p> <p>10 was looking at the transcript that as sometimes</p> <p>11 happens when lawyers do math, I got some numbers</p> <p>12 transposed.</p> <p>13 A. Okay.</p> <p>14 Q. So if you could turn back to</p> <p>15 Exhibit 22.</p> <p>16 A. Okay.</p> <p>17 Um-hum.</p> <p>18 Okay.</p> <p>19 Q. And if you could look at the Bates</p> <p>20 page that we were looking at before which ends in</p> <p>21 422.</p> <p>22 A. Yes.</p>	<p style="text-align: right;">Page 479</p> <p>1 approximately 61.5 percent?</p> <p>2 A. But, remember, I said that you have</p> <p>3 to be careful with trying to draw a straight-line</p> <p>4 comparison between the two numbers you may</p> <p>5 calculate in. But generally speaking, if we're</p> <p>6 just talking about the math, that -- that --</p> <p>7 Q. Right --</p> <p>8 A. -- would be the estimate.</p> <p>9 Q. -- I'm right here just talking about</p> <p>10 the ratio on the -- the number that's referred to</p> <p>11 as the 650 -- the approximately 650 by the Mayor.</p> <p>12 A. Yes.</p> <p>13 Q. And then I think the next question I</p> <p>14 asked you, which I think is what you were alluding</p> <p>15 to, that if you assumed a larger liability figure,</p> <p>16 would that ratio continue to hold; and my</p> <p>17 recollection is, your answer was roughly it would,</p> <p>18 but you may have to, you know, fine-tune the math.</p> <p>19 A. It -- it -- it might roughly hold,</p> <p>20 but you need to be careful to not draw the</p> <p>21 conclusion that is -- it's exactly comparable.</p> <p>22 Q. Okay. I understand.</p>



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C E R T I F I C A T E

DISTRICT OF COLUMBIA:

I, Cindy L. Sebo, a Notary Public within
and for the Jurisdiction aforesaid, do hereby
certify that the foregoing deposition was taken
before me, pursuant to notice, at the time and place
indicated; that said deponent was by me duly sworn
to tell the truth, the whole truth, and nothing but
the truth; that the testimony of said deponent was
correctly recorded in machine shorthand by me and
thereafter transcribed under my supervision with
computer-aided transcription; that the deposition is
a true record of the testimony given by the witness;
and that I am neither of counsel nor kin to any
party in said action, nor interested in the outcome
thereof.

Cindy L. Sebo
District of Columbia, Notary Public
My Commission Expires
April 14, 2015



Cindy L. Sebo, RMR, CRR, RPR, CSR,
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